

**STATE OF SOUTH CAROLINA
BEFORE THE PUBLIC SERVICE COMMISSION
DOCKET NO. 2018-202-E**

IN THE MATTER OF:)	
)	DUKE ENERGY CAROLINAS, LLC
Petition of Duke Energy Carolinas, LLC and)	AND DUKE ENERGY PROGRESS, LLC
Duke Energy Progress, LLC for Approval of)	JOINT INITIAL RESPONSE TO THE
CPRE Queue Number Proposal, Limited)	OFFICE OF REGULATORY STAFF'S
Waiver of Generator Interconnection)	RECOMMENDATIONS AND SOUTH
Procedures, and Request for Expedited)	CAROLINA SOLAR BUSINESS
Review)	ALLIANCE'S MOTION
)	

Pursuant to the rules and regulations of the Public Service Commission of South Carolina ("Commission"), Duke Energy Carolinas, LLC ("DEC") and Duke Energy Progress, LLC ("DEP" and together with DEC, the "Companies"), by and through counsel, respectfully file this joint initial response to the South Carolina Office of Regulatory Staff's ("ORS") recommendations contained in the ORS report filed on February 15, 2019 ("ORS Investigation Report") in the above-captioned docket. The Companies also hereby respond to the South Carolina Solar Business Alliance's ("SCSBA") request for an opportunity to file further comments in this proceeding as stated in SCSBA's March 5, 2019 Motion filed in the above-captioned docket ("SCSBA Motion").¹ In support of this Response, the Companies state the following:

BACKGROUND

1. On June 19, 2018, the Companies filed a petition (the "Petition") requesting approvals related to the processing of Interconnection Requests for Interconnection Customers

¹ The Companies acknowledge that pursuant to 10 S.C. Code Ann. Regs. 103-829(A), responses to motions must be filed within ten days after service of the motion. The Companies request leave file this Response to SCSBA's Motion after the ten day time period, given the brevity of the response to SCSBA's Motion and the clarification the Companies believe this Response provides as to the Companies' position on the relief requested by SCSBA.

electing to participate in the upcoming Competitive Procurement of Renewable Energy Program (“CPRE Program”) request for proposal (“RFP”) solicitation process.

2. On December 12, 2018, the Commission issued Order No. 2018-803(A) (“Order”), approving the Companies’ Petition for waivers of certain sections of the South Carolina Generator Interconnections Procedures (“SCGIP”) to the extent necessary to allow participation of South Carolina projects in the CPRE Tranche 1 RFP, and requiring, in part, the Companies to report on the status of their interconnection queues, the reasons for backlogs in processing interconnection requests in the Companies’ queues, and the Companies’ plans to remedy the backlog challenges.² The Commission directed the Companies to file the report with the Commission within thirty (30) days from the date of the Order and additionally directed ORS to investigate and file a report on the status of the Companies’ interconnection queues within thirty (30) days of the date of the Companies’ report.³

3. Pursuant to the Commission’s Order, on January 11, 2019, the Companies filed the report required by Order No. 2018-803(A) (“Queue Report”).

4. Subsequently, on February 15, 2019, the ORS submitted the ORS Investigation Report to the Commission summarizing its investigation of the Companies’ interconnection queues. The ORS Investigation Report additionally made several recommendations to the Commission concerning future opportunities for comment and investigation in this docket related to the Companies’ implementation of the SCGIP.

5. On March 5, 2019, the SCSBA filed the SCSBA Motion, requesting leave to file comments in this docket in response to the Companies’ Queue Report and the ORS Investigation

² *Amended Order Approving Tranche 1 and Granting Request Waivers with Conditions*, at p. 20, Ordering ¶ 1-4, Order No.2018-803(A), Docket No. 2018-202-E (Dec. 12, 2018).

³ *Id.* at 16.

Report, and further requesting the Commission delay any action in relation to the recommendations contained in the ORS Investigation Report.

6. On March 11, 2019, the Interstate Renewable Energy Council (“IREC”) emailed a Letter in Support of the SCSBA Motion.

COMPANIES’ INITIAL RESPONSE TO ORS RECOMMENDATIONS

7. The ORS Investigation Report concludes that the Queue Report “contain[s] the information required by Order No. 2018-803(A),” and states that the Companies have also complied with the ORS’s additional requests for detailed interval queue statistics.⁴ In addition to these conclusions, the ORS provides the Commission the following recommendations:

1. Open a docket to specifically examine the technical issues contributing to the Companies’ interconnection queue challenges;
2. Require Duke Energy to strictly adhere to the SCGIP timelines;
3. Require Duke Energy cease all practices not identified in the SCGIP;
4. Allow other interested parties an opportunity in this Docket to investigate and provide comments to the Commission on Duke Energy’s Interconnection Report; and,
5. Require Duke Energy to pursue the remedies identified in the Interconnection Report and include updates on these remedies in the required quarterly update reports to the Commission and ORS detailing, at a minimum, the following items:
 - a. current status of implementation of the remedy;
 - b. actions taken by Duke Energy during the quarter to implement and/or monitor the remedy (i.e. meetings, resources);
 - c. cost incurred by Duke Energy to implement and conduct the remedy;
 - d. impact of the remedy on the queue backlog; and,
 - e. other information as required by the Commission.⁵

8. In response to ORS Recommendation 1, the Companies do not oppose ORS’s recommendation to open a docket to specifically examine the technical issues contributing to the Companies’ interconnection queue challenges. The SCSBA Motion makes a similar request, which the Companies do not oppose. However, given the technical complexity of the issues impacting the interconnection queue, the Companies believe it may be more expedient for the

⁴ Report of Office of Regulatory Staff, at 2, (Docket No. 2018-202-E (Feb. 15, 2019) (“ORS Report”).

⁵ *Id.* at 1 (the “ORS Recommendations”).

Companies to informally engage with the ORS and other stakeholders to discuss these issues. For example, the Companies initiated a Technical Standards Review Group in 2018 that meets quarterly for Companies' engineers to meet with ORS, the North Carolina Public Staff and engineers and technical personnel of distributed energy resource developers to discuss interconnection-related process and procedure advancements, planned revisions to existing technical standards, and industry developments. Some of the specific issues being discussed are voltage impacts in distribution studies, inverter changes in the context of material modification, and transformer energization impact study criteria.⁶ Additionally, in an effort to explore full implementation of a grouping or cluster study process, the Companies are launching a stakeholder process, involving ORS and stakeholders in both states to discuss larger queue reform solutions, such as studying project in a cluster format instead of serially; the first meeting of this initiative will be held March 28, 2019. Allowing these stakeholder discussions to proceed prior to initiating a new docket may allow the Companies, ORS and other parties to resolve issues more efficiently than through a formal docket. Further, as discussed below, ORS's Recommendation 4 would allow additional comment in this proceeding, which may be sufficient to inform the Commission on these issues.

9. In response to ORS Recommendation 2, the Companies are committed to making reasonable efforts, as required by Section 6.1 of the SCGIP, to strictly adhere to the SCGIP timelines, with regard to the portions of the study process over which the Companies have control. As described in Paragraph 10 below, factors outside of the Companies' control, such as the need for Network Upgrades to be funded and constructed to relieve transmission constraints, will

⁶ Duke Energy, *Carolinas TSRG Updates*, Duke Energy Carolina/Duke Energy Progress Interconnection Technical Standards Review Group – Structure and Inaugural Meeting Agenda (revised Mar. 6, 2018), *available at* https://www.duke-energy.com/_/media/pdfs/for-your-business/generate-your-own-renewable/tsrg/2018-0411-tsrg-structure-and-first-agenda.pdf?la=en.

continue to prevent the Companies from studying Interconnection Requests within the time periods prescribed under the SCGIP.

10. In response to ORS Recommendation 3, the Companies agree to adopt the ORS recommendation to terminate “all practices not identified in the SCGIP,” but believe it is important to provide the Commission additional context behind the ORS recommendation. As discussed in the Queue Report, as increasing penetrations of new generating facilities have been installed across the distribution system, the Companies have voluntarily established practices not expressly provided for, in the SCGIP to *benefit* Interconnection Customers and offer the most feasible interconnection of Interconnection Customer’s generating facilities, while ensuring system safety, reliability, and power quality are fully maintained and not adversely effected. This includes providing “mitigation options” during System Impact Study to offer Interconnection Customers size and system Upgrade cost options to interconnect their proposed generating facility in compliance with the Companies’ Method of Service Guidelines and other technical standards. Similarly, the Companies provide limited cure periods where an Interconnection Customer misses a deadline within the interconnection study process. While the Companies believe that Interconnection Customers have generally appreciated the flexibility afforded by cure periods and the mitigation options process, the Companies recognize ORS’s concerns that allowing such flexibility, and other similar deviations from study process expressly provided for in the SCGIP can result in longer time periods to conduct System Impact Studies. Accordingly, the Companies agree to adopt ORS Recommendation 3, upon order of the Commission, including committing to cease all voluntary practices not identified in the SCGIP, such as providing cure periods and mitigation options.

11. While implementing ORS Recommendation 3 will allow the Companies to more expeditiously process and study distribution system impacts of Interconnection Requests that are identified as a “Project A” or “Project B,” it is important to emphasize to the Commission that transmission-level congestion and constraints will continue to impact and delay indefinitely a significant number of Interconnection Requests in the Companies’ interconnection queues until Network Upgrades are funded and constructed. As described in the Companies’ Queue Report:

“Due to the proliferation of utility-scale solar generating facilities in DEC and especially DEP, a significant portion of the transmission system in the southeastern part of the DEP East Balancing Authority (“BA”) as well as in areas of DEC’s territory in South Carolina have become congested such that major transmission network upgrades are required in order to enable interconnection of additional generation.... As additional generating facilities interconnect to the Companies’ systems, these growing areas of constraint are increasingly impacting the study process for significant numbers of South Carolina projects.... Until required transmission system upgrades are completed, this congestion prevents further interconnection of utility-scale solar or other generating resources in these geographical area.”⁷

The Company emphasizes that the transmission system constraints discussed in the Queue Report will prevent further interconnection of utility-scale solar or other generating resources in the constrained areas of the transmission system until the required Network Upgrades are funded and constructed by a generator Interconnection Customer.

12. In response to ORS Recommendation 4, the Companies are not opposed to allowing other parties an opportunity to provide comments to the Commission on the Companies’ Queue Report. Similarly, the SCSBA Motion seeks leave to file responsive comments to the Companies’ Queue Report, and the Companies are not opposed to this requested relief. Should the Commission allow further comment on the Queue Report and the ORS Investigation Report, the Companies request the Commission also allow a reasonable opportunity for the Companies to respond to such

⁷ Duke Energy Carolinas, LLC and Duke Energy Progress, LLC Generator Interconnection Report Pursuant to Order No. 2018-803(A), at 9-10, Docket No. 2018-202-E (Jan. 11, 2019) (“Report”).

comments. For example, the SCSBA Motion asserts, without providing any support, that there are “numerous deficiencies” in the Companies’ Queue Report and that the queue challenges and remedial actions discussed in the Companies’ Queue Report “are problematic and not based upon a fair and accurate representation of the facts.”⁸ To the extent SCSBA includes this assertion, or similar criticisms, in a future responsive filing, the Companies request an opportunity to respond.

13. In response to ORS Recommendation 5, the Companies agree to provide updates to the Commission and ORS on the status of the Companies’ remedial efforts to address the ongoing queue challenges through the quarterly update reports required by Order No. 2018-803(A).

14. As discussed herein, the Companies are prepared to implement ORS’s recommendations immediately. However, the Companies recognize that the SCSBA Motion recommends that the Commission delay implementing any the ORS’ recommendations until parties have had an opportunity to be heard on the issues raised by the Companies’ Queue Report and the ORS Investigation Report.⁹ As discussed above, the Companies do not oppose allowing SCSBA the opportunity to provide comment on the Companies’ Queue Report and the ORS Investigation Report, if the Commission finds such comments would be helpful to its understanding of the issues.

CONCLUSION

WHEREFORE, based on the foregoing and the information presented in this Response, Duke Energy Carolinas, LLC and Duke Energy Progress, LLC respectfully request that the Commission provide further direction regarding how the Companies should respond to the ORS

⁸ SCSBA Motion, at 2.

⁹ SCSBA Motion, at 4.

Recommendations, and provide any further relief the Commission deems necessary and appropriate.

Respectfully submitted, this 26th day of March, 2019.



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